

PRE-MEETING AGENDA

**Casper City Council
City Hall, Council Meeting Room
Tuesday, August 16, 2022, 5:30 p.m.**





Please silence cell phones during the City Council meeting

	Presentation	Beginning Time	Allotted
1.	Employee One-Time Payment	5:30	20 min
2.	Agenda Review	5:50	10 min
	Approximate Ending Time		6:00

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Communication Accountability Stewardship Professionalism Efficiency Responsiveness

August 11, 2022

MEMO TO: J. Carter Napier, City Manager 
FROM: Jill Johnson, Financial Services Director 
SUBJECT: Employee One-Time Payment

Meeting Type & Date

Council Pre-Meeting
August 16, 2022

Action type

Direction Requested

Recommendation

That Council give direction on providing a one-time payment to employees from the unappropriated funds, in excess of reserves, anticipated from FY22.

Summary

With the FY23 budget, Council approved a 5% pay increase in addition to a 3.5% COLA. The large increase was due in part to the high inflation levels seen in the first half of 2022 which ranged from 7.5% in January to over 9.1% in June (US inflation increase year-over-year, US Bureau of Labor Statistics). By not increasing employees' wages to offset the economic impacts of inflation, employees' families could experience financial hardships as their wages are not able to buy household necessities.

During the budget discussion regarding these increases, 13 employees were identified as not being eligible to receive either the 5% pay increase or the 3.5% COLA as they were being paid above the top of the pay scale for their position. Additionally, 56 employees would only be eligible to receive a partial increase up to the top of their position's pay scale.

The budget presentation to Council on May 31, 2022 showed an estimated unassigned cash balance of \$1,207,402, based on the FY22 budget. This is over and above the required reserves. Now that FY22 is complete, based on actual revenue and expenses, the results of operations in the General Fund show an increase in unassigned cash by \$1,592,598 to \$2,800,000. The City's books for the year will close on August 31, 2022 so this figure includes an estimated \$427,838 in potential net accruals which may not yet be booked.

Financial Considerations

One-time payments are not an ongoing expense of future budgets therefore, using the additional unassigned cash balance, which is a one-time revenue, to fund the one-time payments would be appropriate.

One-time payments can be calculated in 2 ways:

1. The employee is given a lump-sum payment, then the employee's portion of taxes is deducted and the employee receives the net amount. For example, employee receives a \$500 lump-sum payment, then 22% federal tax is withheld and 7.65% SS/MCR is withheld. The net the employee would receive is \$352.00. The expense to the City is the \$500 plus the employer's taxes of SS/MCR and workers comp or \$552.15.
2. The employee is given a lump-sum payment, then the City pays the employees taxes (both federal and SS/MCR). The employee would then receive the full lump sum. For example, employee receives a \$500 lump-sum payment, then the City pays 22% federal tax, 15.3% SS/MCR and 2.78% workers comp. The net the employee would receive is \$500. The expense to the City is the \$500 plus all taxes or \$834.45.

The original list of 13 employees who did not receive any increase with the adjustments in July, is now reduced to 11 because of promotions and retirements. The impact to the General Fund is minimal because most of the 11 employees are paid from the Utility enterprise funds.

Public Safety employees do not pay into social security so the public service employees would see an increase in their net pay if they pay the taxes or the City's expense, if the taxes are absorbed, would be less than for a general City employee.

Finally, the General Fund would also need to support recreation, grant funds, Metro & PSCC, and the internal service funds through a transfer to those funds. The only funds which would not be supported from the General Fund is Weed & Pest and the Utility/Solid Waste Enterprises.

An interactive tool has been developed for the Council to see the impact of one-time payments on the general fund assuming an excess unassigned cash balance from FY22 of \$2,800,000.

Oversight/Project Responsibility

Jill Johnson, Financial Services Director